GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2157
ANSWERED ON:06.05.2016
Central Assistance to States
Roy Prof. Saugata

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has allocated 42% of the Central Tax share to State Governments as per the 14th Finance Commission;
(b) if so, the details of the amount released to various State Governments during the above period. year-wise;
(c) whether any State Government expressed concern over reduction in central assistance to
States compare to pervious years; and
(d) if so, the details thereof and the steps taken to redress their grievances?

Answer

THE MINISTF.JOF STATE IN THE MINISTRY OF FINANCE (Shri .Jayant Sinha)

(a) Yes

(b) For 14th Finance Commission period i .e. during 2015-16 and 2016-17 (BE and releases made upto May. 2016). details of releases are enclosed as Annex â€¢A".

(c & d) On account of accepting the recommendations of 14th Finance Commission (FFC) to enhance (from 32% to 42%) States" share of net proceeds of Union taxes from FY 2015-16 the Union Government has de-linked various plan schemes for block grants. However, during FFC period, Tax Devolution and Finance Commission recommended Grants-in-aid (including Local Bodies, State Disaster Relief Funds and Post Devolution Revenue Deficit Grant) to the States is estimated to be
44.77.472 crore as against the actual transfers of14.45,942 crore during award period of 13th Finance Commission. showing an increase of 209%. The FFC has recommended the transfer of more resources to the States in the nature of untied funds so that States may make and implement schemes or programmesâ€¢ which are best suited to the local needs, requirements and aspirations of people. FFC has taken into account Population and Demographic change, Area, Forest cover and Income distance for determining the inter-se share of the States. The FFC formula has been devised in such a way that it attempts to mitigate the impact of the differences in tiscal capacity and cost disability among States.

Though. there is overall increase in fund f1ow to States consequent upon acceptance of recommendations o f fFC, some o f the Statc(s) including Sikkim. Tripura, Uttarakhand and Bihar have expressed their concern over discontinuation of block grants and other plan central assistance as compared to previous years.

Considering over all fund flow position to the States and taking into account critical nature of some of the programmes/ projects, quantum of spillover committed liabilities of Government of India and socio- economic & geographical factors of the States, it has been decided to provide special assistance to the States for their developmental needs during 2015-16 & 2016-17.